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News items

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must rely upon the ability and integrity of those in possession of the voting shares.

It is this situation which, according to Professor Ripley's view, is resulting in an abuse of power. His contention is that while the non-voting shares, representing the bulk of the actual ownership of the corporation, are tending to wide distribution among the public, the voting shares, representing the real control over the corporation, are tending to concentration in the hands of "banker-promoters" who paid nothing for them and who have no financial interest in the company. Ownership is being divorced from management; *ergo*, the result is an abuse of power.

It is questioned whether Professor Ripley's statements are not too sweeping. It is doubted whether there is such a pronounced trend toward separation between ownership and management as he would have us believe there is. Admitting the concentration of voting stocks in the hands of a few, it is nevertheless true that in most of our large corporations those owning such stocks have also a large financial interest in their respective companies.

It is true that a number of important reorganizations and refinancings have been promoted by bankers recently, in which the bankers have emerged with the control of the corporations in question. However, it is by no means certain that this situation is resulting in the irresponsibility and abuse which Professor Ripley decries.

The era of "fly-by-night" promoters has passed. And, even though it is not claimed that the millennium is at hand, and it is recognized that there are black sheep in every flock, nevertheless it is submitted that the banking fraternity as a whole is composed of able and upright men, who are mindful of a sense of fiduciary accountability to the millions of investor-owners, rather than giddy with a feeling of power. Can the moral obligation be waved aside

as nonchalantly as Professor Ripley has disposed of it?

Aside from altruistic motives, these bankers are selfishly interested in the enterprises which they promote. They have a selfish interest in maintaining the property, for the sake of earning for themselves future dividends on their stockholdings, and for the sake of increasing the value of their shares so that they later may be disposed of at a profit. And beyond this, it undeniably is to their interest to direct the enterprises wisely in order to protect their own reputation and assure themselves future business. A disastrous adventure would mean the destruction of public confidence in the bankers, with decidedly ill consequences to themselves.

Further, this control by bankers frequently has a salutary effect on those responsible for the active management of a corporation. Obviously, bankers are interested in operating the business at a profit. In a number of instances assumption of control by them has had the effect of teaching the management how to conduct the business efficiently and profitably.

News Items

We have pleasure in announcing that Mr. Franklin Bowman and Mr. G. P. Auld, of our New York Broad Street office, have been appointed manager and assistant manager, respectively, at that office.

We are pleased to announce also that Mr. E. F. Wetteroth has been appointed assistant manager of the Saint Louis office, with which he has been affiliated for a number of years. Mr. Wetteroth will have charge of tax matters at Saint Louis.

The firm announces the removal, on January 2, 1926, of its office in Atlanta, from the Palmer Building to the Healey Building.